

Global Economic Prospects 2004: Realizing the Development Promise of the Doha Agenda

BACKGROUND

The *Global Economic Prospects 2004* (GEP 2004) is the 14th annual edition of a World Bank report on the current state of the world economy. The specific area of focus in this year's report is trade policy. The report was issued earlier than usual in order to be available before the Cancun trade meeting.

MAIN FINDINGS

GEP 2004 focuses on the trade talks launched in November 2001 in Doha, Qatar, and finds that major changes in country policies and institutions are needed to spur global growth and reduce poverty by as much as 144 million people by 2015. The report concludes that global recovery is underway. However, uncertainties remain with long-term structural problems persisting in the rich countries – such as the weak performance of Japanese and European banks – which can lead to potential geopolitical shocks. The report projects that the average rate of economic growth in both industrialized and developing countries will increase in 2004. The report discusses the following multilateral trading issues:

- Trade patterns and policies – changing patterns in developing country exports, trade barriers that work to the disadvantage of developing countries, and ways to reduce domestic protection in the global trading system.
- Trade and agricultural policies – success in Doha Round requires reductions in agricultural protection in both developed and developing nations
- Labor – The “Mode 4” of the General Agreement on Trade in Services (GATS) is central to trade in services and will remain a key topic in the Doha Development Agenda.
- Special treatment for developing countries in the world trading system – trade preferences and exemptions from WTO rules--have not always served the interest of developing countries because they promote the retention of productivity detracting trade barriers.

The *GEP 2004* advocates a pro-poor outcome to the Doha agenda, with the central goal being to accelerate growth and boost income by \$300-500 billion in both rich and poor countries. Countries at all income levels need to reach agreement on reducing trade barriers that currently reduce economic opportunities for poor people around the world.

SUMMARY OF DATA IN THE REPORT

“Regional Economic Prospects” (Appendix I) presents detailed projections of regional economic growth, factoring in recent developments such as the SARS outbreak and war in Iraq. All regions are expected to have increased average economic growth rates in 2004-05 compared with 2002-03, except for East Asia and South Asia where average economic growth rates were already relatively high. “Global Commodity Price Prospects” (Appendix II) presents details on the recent run-up in oil and agricultural prices, along with a projection that both will decline in the near future, while metals and minerals prices continue to rise. “Global Economic Indicators” (Appendix III) presents projections of overall growth in 2003 and 2004, with investor confidence generally recovering after being stressed by recent events.

HOW TO ACCESS THIS REPORT

Full document of the *Global Economic Prospects 2004*, and previous publications, can be accessed at:

<http://www.worldbank.org/prospects/gep2004/index.htm>